



Department of Justice

FOR IMMEDIATE RELEASE
MONDAY, MARCH 20, 2006
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U.S. FREIGHT FORWARDER AGREES TO PLEAD GUILTY TO PARTICIPATING IN BID-RIGGING CONSPIRACY

WASHINGTON, D.C. – Executive Relocation International Inc. (Executive), a freight forwarder headquartered in Woodbridge, Virginia, has agreed to plead guilty, and to pay a \$72,600 criminal fine for its participation in a conspiracy to restrain trade, the Department of Justice announced today. The charge relates to Executive's participation in a Department of Defense (DOD) program to transport the household goods of military and civilian DOD personnel from Germany and Italy to the United States.

Executive is the fifth company to be charged and a total of more than \$10 million in criminal fines have been imposed as a result of the Department's ongoing investigation of anticompetitive and fraudulent conduct into the movement of military household goods.

According to the felony charge filed today in the U.S. District Court in Alexandria, Virginia, Executive and another U.S. freight forwarder conspired in 2000 and 2001 to file rates with DOD at collusively determined levels. As part of the scheme, Executive also agreed to allow its co-conspirator to handle the shipments awarded to Executive by DOD and to receive from its competitor co-conspirator a payment of \$1 per hundredweight for these shipments.

Under the plea agreement, which must be approved by the court, Executive has agreed to assist the government in its ongoing investigation.

"Today's charges demonstrate our ongoing commitment to protect the United States from those who would deny the military the ability to purchase services in a free and open market," said Thomas O. Barnett, Assistant Attorney General in charge of the Antitrust Division.

In recent years, the DOD has spent more than \$100 million annually to move the household goods of its military and civilian personnel from Europe to the United States.

For purposes of forming and carrying out the conspiracy, the Department charged that Executive and its co-conspirators agreed that a co-conspirator would:

- Direct Executive to file rates for International Through Government Bill of Lading (ITGBL) traffic at certain levels in specific channels;
- Service all ITGBL traffic tendered by the Military Traffic Management Command (MTMC) to Executive;
- Pay all subcontractors for services provided to shipments tendered to Executive;
- Assume the risk of profit or loss on shipments tendered to Executive;
- Ultimately receive all payments from DOD for shipments tendered to Executive; and
- Pay Executive a flat rate of \$1 per hundredweight to service ITGBL traffic tendered to it by MTMC and serviced by the co-conspirator.

The investigation is being conducted by the Antitrust Division's National Criminal Enforcement Section with the assistance of the DOD Office of Inspector General, Defense Criminal Investigative Service and the Army Criminal Investigation Division.

On Feb. 24, 2006, Allied Freight Forwarding Inc., headquartered in Westmont, Illinois, pleaded guilty and was sentenced to pay a \$1.04 million fine for its role in the same conspiracy.

On April 29, 2004, Cartwright International Van Lines Inc., headquartered in Grandview, Missouri, pleaded guilty and was sentenced to pay a \$250,000 fine. On Feb. 18, 2004, the Department filed superseding charges against Belgium-based Gosselin World Wide Moving

N.V. and The Pasha Group, headquartered in Corte Madera, California. Ultimately, Gosselin and Pasha pleaded guilty and each have been sentenced to pay a \$4.6 million fine.

Executive is charged with violating the Sherman Antitrust Act, 15 U.S.C. § 1, which carries a maximum fine for a corporation of \$10 million dollars. The maximum fine level may be increased to twice the gain derived from the crime or twice the loss suffered by the victim of the crime, if either of those amounts is greater than the statutory maximum fine.

Anyone with information concerning price fixing, bid rigging or fraud in the military moving and storage industry, or concerning conspiratorial conduct for the purpose of reducing or eliminating competition on any government contract is urged to call the National Criminal Enforcement Section of the Antitrust Division at (202) 307-6694 or the Mid-Atlantic Field Office of the Defense Criminal Investigative Service at (410) 529-9054.

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